

Durham Civic Center Authority Meeting Minutes

Tuesday, August 19, 2008

8:00am

The meeting was called to order at 8:00am with the following members present/absent:

Present: Rob VanDewoestine, Patrick Byker, Robert Sinclair, and Al Bass

Absent: Billy Ruffin and Henry Sims

Owner's representation: Pam Meyer, Karmisha Wallace, Micheal Lynch, Sharon DeShazo, Harmon Crutchfield and Shelia Huggins

Management Company present: Richard Brezinski, Alfrado Garner and Jamie Frydlo

Ms. Rosemarie Kitchin, new Authority member replacing George Stanziale, was introduced to the group.

Motion of approval for July 15, 2008 minutes moved by Al Bass, seconded by Patrick Byker, voted and agreed upon by all.

Action Items for August

- A meeting coordinated to discuss what worked and what went wrong with phase I of the Civic Center capital project.
- Mr. Crutchfield will confer with the City's purchasing division and report back on method of payment for Duke Fuqua School of Business.
- Mr. Lynch will provide an assessment analyzing power surge issues with Skanska and Duke Power.
- Timing on punch list completion.

Meeting Details

Capital Project Update:

The Civic Center project "punch list" is ongoing being 99% complete. The project is technically delayed due to power surge issues which have caused problems in coordinating other HVAC work. Mr. Lynch is also working with HEERY, the project's designer to analyze this issue and will share any assessments received with Shaner. A recommendation has been made to fit line reactors to the HVAC units which will clean up the power supply coming in. Skanska is presently getting cost on these line reactors. The designers are not certain this is an absolute solution. If not, Mr. Lynch asked the designer to recommend a third party evaluation with a week's time, in an effort to challenge Duke Power. Mr. Lynch has requested a log of power surge occurrences from Shaner. Dick Brezinski, Shaner GM, feels the power surge issue is tied to the new HVAC units installed on the roof which is when the problem started. Shaner stated no known power surges prior to the installation of the new equipment. Mr. Lynch replied that the design team feels the newly installed units are more efficient as well as very sensitive. The City is not experiencing these issues at any other facilities receiving similar upgrades; however no tests have been done on surrounding properties. There is a lack of data (meter recording) regarding the power surge problem. Duke Power did some testing

on the line but is not assuming responsibility. A meeting will be scheduled with Duke Power, Authority members and other stakeholders in an effort to resolve these issues. A suggestion was made to have staff stationed to watch units around the clock. This method would enable staff to reset units at the time issues occur. Rob VanDewoestine suggests retrieving a voltage recording from Duke Power. Revenues are suffering due to the power surges, especially since September yields a high return on revenues. July 2008 shows the worse record of revenues to date. Who should bear the costs of these power surges is a question raised by the owners? A meeting will be coordinated to discuss what worked and what went wrong with phase I.

Owners Administration Update:

Operating procedures will be developed to protect and extend the useful life of newly installed capital projects: the floor utility boxes, grand ballroom carpet, HVAC equipment and the new airwalls. When operating procedures are defined and implemented, Shaner will need to provide regular reporting on how these items are being maintained. Training processes on some or all of these items have begun and will continue if needed.

Rosemarie Kitchen was nominated to replace George Stanziale (City appointee) at the August 8 work session. City Council voted on her approval Monday, August 18, 2008 at the City Council meeting. Her term will expire on July 11, 2011. She will be forwarded a copy of the Civic Center contract and Authority responsibilities. A copy of her background is distributed on back of the meeting agenda.

We will resume our monthly management company meetings with Dick, Jamie, Alfrado and Julius to discuss day to day activities at the Civic Center.

Business Plan:

Stakeholders met on August 5 with Professor William (Bill) Sax at Duke Fuqua School of Business to discuss work for the Durham Civic Center on strategy planning. The course is an elective for second year MBA students and extends over 2 semesters. The project is fee assessed and Harmon Crutchfield, City General Services stated the project can be paid by Shaner through Civic Center operating budget and reconciled at the end of the fiscal year. Mr. Crutchfield will confer with the City's purchasing division and report back.

Management Company Status Report:

July yield the worse revenues in the history of the Civic Center at \$35,106.

Administrative labor for July increased due to recruitment expenses and the severage package for the outgoing GM. The net income for July is down by \$82,171.00 worse than the prior year. Food costs are at 69% due to lack of banquet revenues discounted pricing to social clubs and over purchasing which will be reviewed. Utilities are increased due to power surge issues. Shaner continues to work on lobby improvements. One client elected not to return in 2009 due to the lack of a sound system in the grand ballroom. New Civic Center signs are in route.

Parking:

Shelia Huggins reported 400 parking spaces will be down next month due to construction. Major parking issues will occur during business hours in lieu of the weekend. A plan for alternate parking is in progress. Mr. Crutchfield requested Lanier Parking to develop a master plan on how alternate parking will be administered. Craig Davis Properties is the management company hired; which contracted Lanier to manage the City owned parking decks.

Mission Statement:

There was no official report on the mission statement.

Agenda for next meeting

- Status of Capital projects
- Management report
- CIP submissions
- Civic Center Mission Statement
- Business Plan
- Parking